

\_\_\_\_ BILL NO. \_\_\_\_

INTRODUCED BY \_\_\_\_\_  
(Primary Sponsor)

BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE PAYMENT OF ADMINISTRATIVE COSTS THAT ARE INCURRED BY THE BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY FROM THE RESEARCH AND COMMERCIALIZATION SPECIAL REVENUE ACCOUNT; AMENDING SECTION 90-3-1003, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 90-3-1003, MCA, is amended to read:

**"90-3-1003. Research and commercialization account -- use.** (1) The research and commercialization account provided for in 90-3-1002 is statutorily appropriated, as provided in 17-7-502, to the board of research and commercialization technology, provided for in 2-15-1819, for the purposes provided in this section.

(2) The establishment of the account in 90-3-1002 is intended to enhance the economic growth opportunities for Montana and constitute a public purpose.

(3) The account may be used only for:

(a) loans that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana;

(b) grants that are to be used for production agriculture research and commercialization projects to be conducted at research and commercialization centers located in Montana; ~~or~~

(c) matching funds for grants from nonstate sources that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana; or

(d) administrative costs that are incurred by the board in carrying out provisions of this part.

(4) At least 20% of the account funds approved for research and commercialization projects must be directed toward projects that enhance production agriculture.

(5) An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total

1 project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

2 (6) The board shall establish policies, procedures, and criteria that achieve the objectives in its research  
3 and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

4 (a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

5 (b) whether the project shows promise for enhancing technology-based sectors of Montana's economy  
6 or promise for commercial development of discoveries;

7 (c) whether the project employs or otherwise takes advantage of existing research and  
8 commercialization strengths within the state's public university and private research establishment;

9 (d) whether the project involves a realistic and achievable research project design;

10 (e) whether the project develops or employs an innovative technology;

11 (f) verification that the project activity is located within the state;

12 (g) whether the project's research team possesses sufficient expertise in the appropriate technology  
13 area to complete the research objective of the project;

14 (h) verification that the project was awarded based on its scientific merits, following review by a  
15 recognized federal agency, philanthropic foundation, or other private funding source; and

16 (i) whether the project includes research opportunities for students.

17 (7) The board shall direct the state treasurer to distribute funds for approved projects. Unallocated  
18 interest and earnings from the account must be retained in the account. Repayments of loans and any  
19 agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the  
20 transfer of technology from a research and commercialization center to another nonstate organization or  
21 ownership of corporate stock in a private sector organization must be deposited in the account.

22 (8) The board shall refer grant applications to external peer review groups. The board shall compile a  
23 list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall  
24 review the application and make a recommendation to the board as to whether the application for a grant should  
25 be approved. The board shall review the recommendation of the peer review group and either approve or deny  
26 a grant application.

27 (9) The board shall identify whether a grant or loan is to be used for basic research, applied research,  
28 or some combination of both. For the purposes of this section, "applied research" means research that is  
29 conducted to attain a specific benefit or solve a practical problem and "basic research" means research that is  
30 conducted to uncover the basic function or mechanism of a scientific question."

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